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FOREIGN SERVICE DESPATCH

FROM: AmConsul, BASRA

TO: THE DEPARTMENT OF STATE, WASHINGTON.

REF: Condes 50, April 29, 1957

For Dept. Use Only	ACTION REC'D 6-26	DEPT. IN F O OTHER 1 N-7 Com-17 OSD-4 + ON-2 CIA-14
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SUBJECT: Iranian Claims on BPC Exploratory Well near Amara. NAVY-3
ARMY-4 AYR-3

In the Consulate's despatch under reference, it was mentioned that the Basra Petroleum Company planned to start drilling this summer to the north-east of Amara, close to the Iranian border. The nearest village to the site is a small town named Suheih, a few miles east of at-Tiib, where Morrison-Knudsen, the American engineering firm building the Amara-Basra road, has a camp. Equipment has been moved in and BPC expects to start a water-well within a short time.

The Iranian Consul-General informed me this morning that his government takes a serious view of the operation, claiming that the area in question is within the Iranian border, and not in Iraq, and that any oil discovered here belongs to the consortium. He has discussed the matter with the General Manager of the Basra Petroleum Co., who denies that Iran has any valid title, but has agreed to ask Sir Herbert Todd, General Manager of IPC, for instructions. Since the boundary has not been clearly defined, maps produced by both parties have been inconclusive. The Iranians have suggested that all operations be suspended, pending a decision of a border commission, but it is not believed that BPC will agree, having set up their camp in readiness to go ahead with the drilling.

The Consul-General admitted to me that the proposed site is on the Iraqi side of a frontier post, but says that the post was moved back to permit it to be placed on a hill-top and that the act of moving was one of convenience and did not in any way relinquish Iran's claim to the territory where the post was originally sited. He did not know how far back it had been moved or the date on which the move took place.

cc: AmEmbassy, Baghdad
cc: " TehranDavid Scott
American Consul.DScott/ds
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